

Stationary and Portable Oxygen Claims to be Paid Using 2004 Fees Pending Receipt of Additional Information from the Office of Inspector General

Section 302(c) of the Medicare Modernization Act (MMA) of 2003 mandates reductions in Medicare's monthly payment amounts for oxygen & oxygen equipment effective January 1, 2005. In accordance with section 302(c), the reductions are to be based on the percentage between Medicare's 2002 monthly payment amounts for each state and the median 2002 Federal Employee Health Benefit (FEHB) plan price reported by the Office of Inspector General (OIG), Department of Health and Human Services. As indicated previously on this website, additional information needs to be obtained by the OIG before the FEHB medians for oxygen and oxygen equipment and portable oxygen equipment are finalized. We also indicated previously on this website that Medicare claims for oxygen and oxygen equipment and portable oxygen equipment furnished on or after January 1, 2005, would be held by the Medicare contractors until the 2005 fee schedule amounts can be computed based on information we expected to receive from the OIG by January 15, 2005.

We now understand that we will not be receiving the OIG information by January 15, 2005; therefore, we have decided to stop holding oxygen claims and to begin paying claims with 2005 dates of service based on the 2004 Medicare fee schedule amounts. These are the rates that would have otherwise been in effect. Once the OIG information is received and the 2005 fee schedule amounts are calculated, all claims received with dates of service on or after January 1, 2005, will be paid using the 2005 fee schedule amounts. Claims with dates of service on or after January 1, 2005, that were paid using the 2004 fee schedule amounts will not be retroactively adjusted after the 2005 fee schedule amounts are implemented.